

**Submission  
No 14**

**INQUIRY INTO ALCOHOLIC BEVERAGES ADVERTISING  
PROHIBITION BILL 2015**

**Organisation:** Diageo

**Date received:** 11 November 2017

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## Background on Diageo Australia

Diageo Australia is the leading premium drinks company in Australia, best known for its award winning brands including Bundaberg Rum, Johnnie Walker and Smirnoff, among many others.

Diageo employs more than 420 talented individuals across nine sites in Australia, including two manufacturing sites: Bundaberg, where we produce the famous Bundaberg Rum, and Western Sydney, where we have operated a bottling plant at Huntingwood for over 25 years. More than 80% of the products we sell in Australia are manufactured locally. We are also a significant contributor to the Australian economy, contributing more than \$1 billion in taxes per annum through our goods being sold.

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## Overview of submission:

### Why advertising is a legitimate commercial freedom and the steps Diageo takes to market responsibly

Diageo welcomes the opportunity to respond to this Committee’s inquiry into alcohol advertising.

We take our responsibility as a producer and marketer of alcohol seriously and are committed to working with Governments, NGOs and all relevant stakeholders to implement targeted policies to reduce alcohol-related harm. Diageo is a member of Alcohol Beverages Australia and we support their submission.

This submission will explain why Diageo chooses to advertise as a legitimate and economically significant activity. Diageo advocates the current quasi-regulation of alcohol marketing as the most effective approach to maintaining high standards in responsible marketing.

The Alcohol Beverages Advertising Code (ABAC) scheme is a robust, independent and world-leading framework.<sup>1</sup> From a company perspective Diageo also operates its own global Diageo Marketing Code, which outlines the key principles of how we market responsibly. However, clearly technology and advertising is constantly evolving and so the industry needs to evolve with it. This is why the ABAC code has been recently strengthened to include placement. As a company we have also added new social media guidelines to our Diageo Marketing Code.

We will seek to respond to the overarching elements proposed in the Bill, namely a ban on advertising and sponsorship. Blanket restrictions on alcohol marketing are ineffective in addressing harmful drinking, have major economic repercussions and inhibit a consumer’s ability to make personal choices. Empirical evidence from countries such as France do not support the claim that countries with alcohol advertising bans lead to lower levels of alcohol misuse amongst adolescents and young people, or vice versa.

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<sup>1</sup> <http://www.abac.org.au/publications/thecode/>

We note that a key element in the Bill's purpose is to minimise binge drinking amongst young people. This is an objective Diageo supports, both through our direct programs and our support for the social aspects organisation DrinkWise<sup>2</sup>. It is therefore encouraging to note that the most extensive and recent Australian government survey shows drinking trends are moving in a positive direction, with 82% of under 18s now abstaining from alcohol completely.<sup>3</sup>

Statistics like these demonstrate a changing cultural relationship with alcohol<sup>4</sup>. They also indicate the current measures in place – such as the ABAC code and targeted interventions by a range of stakeholders – are working. Research consistently shows that the biggest influences on underage drinking are parental behaviour and peer group influence.<sup>5</sup> Diageo would like to work with the NSW Government and other stakeholders to support targeted interventions that focus on at-risk behaviours. We make specific recommendations in sections of the submission.

### **Section One: Diageo strongly supports advertisement as a legitimate form of competition between brands**

Alcohol companies operate in a competitive and heavily-regulated marketplace. Diageo supports the consumer's right to choose between competing brands - brand marketing can help increase market share, maintain a brand's reputation, introduce a new product or simply improve consumer choice.

It is a tool of competition between brands, not a means to increase total consumption of a product type. It aims to persuade consumers to buy one brand – say a Johnnie Walker whisky - in preference to another. This is underlined by the fact that alcohol consumption per capita has been in decline in Australia for 50 years despite increased advertising spend.<sup>6</sup>

Excessive restrictions prevent companies from competing on equal terms. They also have the effect of disproportionately penalising smaller brands or new entrants into the category because they cannot inform new potential consumers about their brands. This is a point that has been raised by the Australian Distillers' Association, which represents the 130 plus craft distillers across the country.

A similar logic applies to the rationale for sponsorship advertising - Diageo believes that advertising and marketing, including sponsorship and promotion, are important commercial freedoms that create value for consumers and foster competition. In Section Five we will detail how we use sponsorships to make valuable contributions to sport.

### **Section Two: While alcohol abuse is an issue of concern, Australia's drinking culture is changing dramatically**

We acknowledge there are issues with alcohol abuse in our society. Some people drink too much, and cause harm to themselves, to others and to their communities. The consequences of alcohol misuse are a matter of significant concern, with the World Health Organization (WHO) aiming to reduce the harmful use of alcohol by 10% by 2025.

However, the picture in Australia is changing and our drinking behaviour is improving. The results from the most recent government survey show that Australians are drinking less often. When we do drink, we are increasingly doing so in moderation<sup>7</sup>:

- 83% of Australians are either drinking in moderation or abstaining from alcohol altogether

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<sup>2</sup> See [www.drinkwise.org.au](http://www.drinkwise.org.au) for more information

<sup>3</sup> <https://www.aihw.gov.au/reports/illicit-use-of-drugs/ndshs-2016-key-findings/contents/summary>

<sup>4</sup> <https://drinkwise.org.au/our-work/australian-drinking-habits-2007-vs-2017/#>

<sup>5</sup> <http://australiandistillers.org.au/>

<sup>6</sup> <http://www.smh.com.au/national/health/australian-alcohol-consumption-at-50year-low-abs-says-20150506-ggva93.html>

<sup>7</sup> Australian Institute of Health and Welfare 2017. National Drug Strategy Household Survey 2016: detailed findings. Drug Statistics series no. 31. Cat. no. PHE 214. Canberra: AIHW.

- There have been consistent declines in the frequency of alcohol consumption amongst Australians – only 5.9% consume daily compared to 8.3% in 2001
- The proportion of those who exceeded the single occasion risk guidelines at least once a month also declined significantly from 29% in 2010 to 17.1% in 2016
- Almost all age groups show a declining longer-term trend in the proportion exceeding the lifetime risk guidelines, except for a gradual increase in people aged 50 or older

*The sharpest declines in misuse are amongst young people*

The most interesting cultural trends are amongst young people, where the sharpest declines in misuse are occurring across a number of key indicators:

- Fewer young adults are exceeding the lifetime risk guidelines - down from 31% in 2010 to 18.5% in 2016
- Underage drinkers continue to delay the age they first try alcohol - 14.4 years old in 1998 to 16.1 years in 2016
- 82% underage now abstain completely, a huge increase from 56% in 2007

This demonstrates the changing cultural relationship young people have with alcohol. Given advertisement has been expanding on to new social media platforms during this period, it undermines claims there is a link between advertising and underage drinking, which appears to be a focus of the Bill.

**Recommendations:**

**1) To further the positive downward trends on misuse, the NSW Government should consider refining the scope of alcohol education in the school curriculum. Currently ‘alcohol and other drugs’ are included as part of 12 broad focus areas, rather than as a standalone topic**

**2) Government and industry funded research to understand the key drivers for why young people are drinking less, to ensure targeted interventions are focused in the right areas**

Section Three: There is no clear correlation between advertising bans and decreased alcohol misuse

A significant body of research has taken place over recent decades in this area (see ABA submission for more detail). The literature does not point to any causal link between advertising and alcohol consumption, let alone misuse. This is substantiated by empirical, real-world evidence in comparable developed economies to Australia like Germany and France.<sup>8</sup>

The picture is more nuanced. There are a number of variables at play, including the size of the market, consumers’ tastes and preferences, income distribution and price for alcoholic beverages, economic and social climate, quality of alcoholic beverages, technology, infrastructure and cultural attitudes, amongst others.

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<sup>8</sup> Nelson, J. P. (2010). Alcohol advertising bans, consumption and control policies in seventeen OECD countries, 1975–2000. *Applied Economics*, 42(7), 803-823.

- An EU funded project called AMPHORA looked at alcohol-related harm across 12 European countries from 1960 to 2008 and found no correlation between alcohol-control policies, including restrictive advertising policies, and either consumption or harm
- A peer reviewed research paper entitled *'Do advertising bans work? An international comparison'* considered the effects of advertising bans in seventeen OECD countries. It made clear that empirical results did not support the notion that bans reduce consumption or alcohol abuse in key indicators such as cirrhosis mortality and road accidents
- A 2014 systematic review of studies on alcohol advertising bans published by the respected global research body, the Cochrane Library, showed that where there had been bans there was no clear evidence that consumption went down. The key finding was that: *"The data arising from the included studies did not show a clear effect either for or against the banning or restriction of alcohol advertising"*
- In 1991 France banned alcohol advertising and sponsorship altogether. While overall consumption has been going down in France, it has been doing so steadily since the 1970s, and the decline appears to be independent of the imposition of marketing and sponsorship restrictions. Moreover, since 2005, heavy episodic drinking among adults, particularly men, has been increasing, despite the law still being in force
- Denmark, for example, has liberalised advertising regulations over the last decades, but per capita consumption has declined

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### ***Parental and peer influences are the key drivers of underage drinking behaviour rather than advertising***

Research shows that there is no compelling evidence of a strong correlation between advertising and drinking patterns amongst young people.<sup>13</sup>

Put simply, Diageo does not target under 18s with advertising. In Australia and across the world we have a strong track record of supporting greater penalties and enforcement of not selling to minors – for example we work with the Australian Liquor Stores Association to implement programs like ID-25 and 'Don't Buy It For Them'. The checks and balances we operate through our Diageo Marketing Code will be covered in the next section.

As far as under 18s are concerned, studies have consistently shown that the principal influences on drinking behaviour are their parents and peers.<sup>14 15</sup> As you will see in more detail in the next section, Diageo and the industry has prioritised combating underage alcohol consumption. Diageo is a founding member and main contributor to DrinkWise, an independent, not-for-profit organisation, which aims to bring about a healthier and safer drinking culture in Australia.

<sup>9</sup> [http://amphoraproject.net/w2box/data/Deliverables/AMPHORA\\_WP3\\_D2.2.pdf](http://amphoraproject.net/w2box/data/Deliverables/AMPHORA_WP3_D2.2.pdf)

<sup>10</sup> Kaner, E. F., Dickinson, H. O., Beyer, F. R., Campbell, F., Schlesinger, C., Heather, N., ... & Pienaar, E. D. (2007). Effectiveness of brief alcohol interventions in primary care populations. The Cochrane Library.

<sup>11</sup> The 'Loi Evin' : a French exception, Dr. Alain Rigaud, Président Association Nationale de Prévention en Alcoologie et Addictologie (ANPAA)

<sup>12</sup> Nelson, J. P. (2010). Alcohol advertising bans, consumption and control policies in seventeen OECD countries, 1975–2000. *Applied Economics*, 42(7), 803-823

<sup>13</sup> Young, D.J. (1993). Alcohol advertising bans and alcohol abuse [Comment]. *Journal of Health Economics*, 12(2): 213-228.

<sup>14</sup> Jones, S. C., & Magee, C. A. (2014). The role of family, friends and peers in Australian adolescent's alcohol consumption. *Drug and alcohol review*, 33(3), 304-313

<sup>15</sup> Windle, M. (2000). Parental, sibling, and peer influences on adolescent substance use and alcohol problems. *Applied Developmental Science*, 4(2), 98-110.

Since 2007 DrinkWise has been at the forefront of impactful campaigns such as *How to Drink Properly* and *Kids Absorb Your Drinking* that talk to young adults in a meaningful way that is driving change.<sup>16</sup>

**Recommendation:**

**3) Government, industry and NGOs should work in partnership with the alcohol industry to implement targeted programs addressing the root issues of alcohol related harm. For example, a campaign to parents to inform them on the role they play when it comes to alcohol and their children**

**Section Four: Diageo advocates the principles of self-regulation of alcohol marketing as the most effective approach to maintaining high standards of responsible marketing**

Diageo supports and advocates the principles of self-regulation of alcohol marketing as the most effective approach to maintaining high standards of responsible marketing. Furthermore, self-regulation is quick, cost-efficient and flexible. A key objective for Diageo is to ensure we are evolving the self-regulatory codes to ensure they keep up with technological developments and are in line with community expectations.

*Alcohol Beverages Advertising Code (ABAC)*

In Australia the centrepiece of alcohol advertising is the Alcohol Beverages Advertising Code (ABAC) scheme. Established in 2012, ABAC provides a robust independent system that ensures the content and placement of alcohol marketing across all media channels does not have strong or evident appeal to minors, or encourage irresponsible consumption of alcohol. The nature of the ABAC Scheme, to which Diageo is a signatory:

- Enables consumers to get a fast, concrete answer to their concerns, with determinations usually made within 30 business days of receiving the complaint; and
- Allows rules to be updated quickly as community expectations and technology change, providing an additional layer of protection to consumers without the need for lengthy legislative procedures

Diageo takes its role as leader in responsible marketing very seriously. The content of all our marketing activities are pre-vetted through ABAC. If any concerns are raised at this stage, Diageo reviews and amends the marketing materials to ensure that the principles of the Code are upheld. We also maintain transparency by publishing in the global Diageo Annual Report the number of complaints received by the industry in Australia and the number of complaints upheld against Diageo advertisements. Since 2013 no complaints have been upheld against Diageo advertisements.

From 1 November 2017 the ABAC code was strengthened by extending beyond content to include placement<sup>17</sup>. The decision was strongly supported by Diageo and reflects the placement rules that already exist within the Diageo Marketing Code. These new rules provide stronger protection for minors and ensure marketing of alcohol in Australia, reflecting changing community expectations and technology.

In 2016 Diageo reviewed its own standards around placement of our advertisements and voluntarily extended our advertising in proximity to schools from 150 metres to 250 metres of the entrance of a school.

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<sup>16</sup> See [www.drinkwise.org.au](http://www.drinkwise.org.au) for more or refer to DrinkWise's submission to this inquiry

<sup>17</sup> [http://www.abac.org.au/wp-content/uploads/2017/07/ABAC\\_CodeofConduct\\_2017\\_web.pdf](http://www.abac.org.au/wp-content/uploads/2017/07/ABAC_CodeofConduct_2017_web.pdf)

#### Recommendation

5) NSW Government continues to support the ABAC scheme and work with industry to seek improvements to the Code as technology evolves

#### Section Five: Diageo's commitment to responsible marketing is entrenched through our global Diageo Marketing Code, which sets out strict minimum standards across all our brands

Diageo's commitment to responsible advertising and marketing, including sponsorships and promotion, is detailed in the industry leading Diageo Marketing Code (DMC)<sup>18</sup> and Digital Code. Within the DMC there are ten principles that guide all of marketing. At the heart of these is our commitment to ensure all our activities are depicting only moderate drinking and never target those who are younger than 18. Key principles of the Code include:

- Never be designed or constructed or placed in a way that appeals primarily to individuals younger than the legal purchase age for alcohol
- People appearing in our alcohol brand advertising must be over 25 years or older, and reasonably appear to be and be portrayed as 25 years or older
- Place our marketing in communications media and events only where 75% or more of the audience can reasonably be expected to be 18 and over
- Not imply that our alcohol brands offer any health, therapeutic, dietary, functional or performance benefits
- Not portray or imply that drinking is necessary to obtain social or other success, nor to overcome inhibitions or to be socially accepted

We also promote responsible drinking messages through our brand campaigns and sponsorship activities, for example:

- Through Bundaberg Rum's sponsorship of the NRL we have sought to shape the conversation around alcohol and sport by encouraging more responsible attitudes and behaviours among players and fans alike. In place of our advertisements, we have given away high visibility sponsorship assets to DrinkWise for their message '*You Won't Miss a Moment if You DrinkWise*'<sup>19</sup>, including the LED signage around the field. In 2016 we trained over 300 young up and coming professional rugby league players at the annual NRL Rookie Camp in our responsible drinking program DRINKiQ.
- As part of our global Johnnie Walker 'Join the Pact' campaign, we use the brand's sponsorship of Formula One team McLaren to encourage fans to never drink and drive.<sup>20</sup> This includes using the individual racers like Jenson Button to drive awareness of the message to the millions of F1 fans. In 2015 we also partnered with Uber to provide up to 10,000 kilometres of free transport to new customers in Melbourne over the F1 weekend. So far over 2.5m people globally have signed up

***With technology and advertising always evolving, Diageo updates our digital advertising code to ensure that our commitments to marketing alcohol responsibly are upheld***

<sup>18</sup> [https://www.drinkiq.com/PR1102/media/19296/dmc\\_global\\_2016.pdf](https://www.drinkiq.com/PR1102/media/19296/dmc_global_2016.pdf)

<sup>19</sup> <https://drinkwise.org.au/our-work/you-wont-miss-a-moment-if-you-drinkwise-2/#>

<sup>20</sup> <https://www.johnniewalker.com/en-gb/responsible-drinking/>

Key changes to the Diageo Digital Code and Diageo Global Mandatory Social Media Guidelines have recently been made, including but not limited to:

- Forward Advice Notice (FAN) – All social media accounts held by Diageo brands need to include a FAN on the platform, clearly stating that the content should not be forwarded to anyone under legal purchase age. All videos must include a FAN notice on the last frame, for example, “Please Do Not Forward” to anyone under the legal purchase age
- Community Guidelines – All social media accounts held by Diageo brands must include community guidelines or ‘House Rules’ that lay out the expectations we have of consumers that interact with our page (particularly in relation to user generated content)

Diageo has also established a trusted marketplace measure whereby we have created a set of ten mandatory standards for channels where we advertise. Where channels do not meet the minimum standards, Diageo will not place its advertisements.

Diageo takes pride in setting responsible marketing standards and supporting the industry to do the same. As the Chairman of the International Alliance for Responsible Drinking (IARD), Diageo’s CEO Ivan Menezes, along with 11 other global alcohol companies, signed an agreement in 2017 to further commit to developing new robust and responsible marketing standards for digital channels.

**Section Six: Diageo provides consumers with the information they need to make responsible choices about drinking or not drinking**

The Diageo Consumer Information Standards (DCIS), together with the Diageo Marketing Code, ensures that there are voluntary minimum standards covering all of our labelling, advertising and promotion activities. In addition to alcohol by volume (ABV) statement, the list of allergens and recycling symbols (the mandatory minimum in Australia), this also includes the following voluntary measures:

- The DrinkWise ‘Get the facts’ logo
- The pregnancy advisory icon
- Reference to our responsible drinking website DRINKiQ.com
- The number of standard drinks and nutrition information per serve

***Example of the new DCIS information on pack:***



Diageo’s takes an icon-led approach to including the above information. This approach has been developed based on consumer insights about what information consumers want and how they want to receive it. Too much information on labels reduces their legibility and disengages consumers.



**Recommendation**

6) The NSW government should engage with the Commonwealth Department of Health to support the current approach to labelling (i.e regulation around alcohol by volume and standard drink statements) while allowing businesses to self-regulate on how to convey additional information (whether that is on-pack or online)

Diageo also believe that consumers should have access to a comprehensive picture of alcohol and its effects beyond package labelling – such as through our updated responsibility website [www.DRINKiQ.com](http://www.DRINKiQ.com). This site contains a wealth of information about alcohol and its effects. We have continued to expand DRINKiQ - it is delivered face-to-face to all of our 33,000 employees globally as well as to local regulators (including to NSW Liquor & Gaming), other companies and sporting teams. The website now includes an e-Learning module, allowing more people to understand alcohol and its effects.

**Recommendation**

7) NSW Government to collaborate with industry and NGOs to implement targeted programs that address underage consumption and educate about alcohol and its effects.

**Diageo encourages the NSW Government to work in partnership with industry and all stakeholder to focus on targeted interventions to at-risk groups**

In summary, Diageo is proud of the approach it is taking to help tackle harmful drinking through programs that address underage drinking and excessive drinking. Along with other members of Alcohol Beverage Australia, our industry seeks to work in partnership to deliver targeted solutions.

**Contact details**

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